

The Telecommunications Excise Tax is imposed upon the act or privilege of originating or receiving intrastate or interstate telecommunications in Illinois at the rate of 7% of the gross charges for such telecommunications purchased at retail from retailers. See 35 ILCS 630/1 *et seq.* (This is a GIL.)

April 21, 2008

Dear Xxxxx:

This letter is in response to your recent inquiry addressed to the Governor's Office in which you request information related to your cellular phone bill. The Department issues two types of letter rulings in response to taxpayer inquiries. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.tax.illinois.gov to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your request, you have stated and made inquiry as follows:

I would like to know why a cell phone bill for \$34.98 in services carries with it tax and service fees of \$15.03...\$3.14 of which is state imposed and \$4.90 imposed from the federal government?

I would like the state to stop taxing people without representation for services that do not seem related to the state. Our inter and intra state communication via cell phone should not be a matter for the state or federal government to tax or assess fees.

DEPARTMENT'S RESPONSE:

Without a copy of your cell phone bill, we are unable to provide an explanation for each of the specific charges contained on your bill. However, we can provide some general information regarding some of the State charges on your bill. We also can provide several links to the web sites of the relevant regulatory agencies that explain the nature and purpose of charges contained on bills for telecommunication services.

The Telecommunications Excise Tax Act (35 ILCS 630/1 *et seq.*) imposes a tax upon the act or privilege of originating or receiving interstate or intrastate telecommunications by a person in

Illinois at the rate of 7% of the gross charges for telecommunications purchased at retail from a retailer. This tax must be collected from persons by “retailers maintaining a place of business in Illinois.” 35 ILCS 630/5. Generally, this tax is imposed on cell phone service when the “place of primary use” (service address) of a residential customer is located in Illinois. See the Mobile Telecommunications Sourcing Conformity Act, 35 ILCS 638/1 *et seq.*

The Simplified Municipal Telecommunications Tax Act (35 ILCS 636) authorizes municipalities to impose a tax on the act or privilege of originating or receiving intrastate or interstate telecommunications in the municipality at the rate of up to 6% of the gross charges for such telecommunications purchased at retail from retailers (7% in Chicago).

A number of surcharges are imposed by State law and the Illinois Commerce Commission. An example is the charge for 911. See www.icc.illinois.gov/consumer/ (Taxes and Surcharges on Your Bill). For an explanation of the Federal charges, see www.fcc.gov/cgb/phonebills/samplePhonebill.html.

I hope this information is helpful. If you require additional information, please visit our website at www.tax.illinois.gov or contact the Department’s Taxpayer Information Division at (217) 782-3336.

Very truly yours,

Richard S. Wolters
Associate Counsel

RSW:msk